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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 09/821,106
Filing Date: March 29, 2001
Appellant(s): WIESEHUEGEL ET AL.

MAILED

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GROUP 3600

Robert H. Frantz
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed 31 August 2006, appealing from the Office action mailed 31 May 2006.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is substantially correct. The changes are as follows. The heading in the appeal under this section is labeled "Grounds for Rejection For Which Review is Sought". The title should be labeled "Grounds of Rejection to be Reviewed on Appeal." MPEP §1205.03 indicates that the examiner should not require a corrected brief for minor non-compliance in an appeal brief, specifically mentioning the occurrence of a minor error in the title of a section heading.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

2002/0038282	Montgomery	3-2002
6,415,269	Dinwoodie	7-2002
2003/0083983	Fisher et al	5-2003

Microsoft Computer Dictionary, 5th Edition, 2002, p. 428

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

In the non-final action, the examiner rejected Appellants' claims 11-15 on the grounds that a "proxy agent" is non-statutory under §101. The argument was based on the fact that the claims were on their face non-statutory, as a "proxy agent" is not a process nor is it a machine, manufacture of composition of matter. Applicants have attempted to overcome the rejection by minor modifications to the claims wherein the modules of Claim 11 are set in an automated bidding system environment. These steps disclose that there are various modules implementing the method steps of Claim 1 in an automated bidding system environment. However, it remains unclear whether this "system" is software, hardware, or some hybrid of the two.

Further, the language of the claims is still unsatisfactory. The Office can issue a patent to a computer system operable to perform the functionality of a "proxy agent" in an electronic auction setting, but a "proxy agent" is literally a human being who physically locates himself at a live auction and bids in the stead of another. The Office cannot issue a patent on a human being. The Applicants was advised to consider language such as

"An automated bidding system comprising a computing apparatus configured to implement a proxy agent program containing current bid level ...

or some similar type of language which makes clear that the "agent" is a construct.

Claim Rejections - 35 USC § 112(2) (Arg. #1)

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-4, 6-9, 11-14 are rejected under U.S.C. §112 as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. In particular, Claims 1,6,11, as amended describe a situation wherein a parameter set is provided that contains one or more proxy parameters. Then in the second limitation, it is required that the at least one parameter must be a counter bid time delay. However, in the fourth limitation, it is required that a condition be checked, which is based on a parameter, that the current bid level reflects a current bid placed by an auction participant other than the participant for which proxy bidding is being performed. This indicates that at least two parameters must be checked in the method steps of Claim 1. Thus, a parameter set must include two or more parameters

in order to meet the requirements of the express language of the claim. Appropriate correction is required.

Claim Rejections - 35 USC § 112(2) (Arg. #2)

Claims 1-4, 6-9, 11-14 are rejected under U.S.C. §112 for a second reason which is that no parameter is required in the parameter set which indicates a maximum bid or some terminating point. It is well understood that proxy bidding must provide a "termination level", for lack of a better word, which is a point at which no other bidding will be performed on behalf of the principal. This can be either a maximum bid in a standard auction or a minimum bid in a Dutch auction. The examiner is of the belief that there really are three or more parameters that must be included in the parameter set. Appropriate correction is required.

Claim Rejections - 35 USC § 112(2) (Arg. #3)

Claims 1-4, 6-9, 11-14 are rejected under U.S.C. §112 for a third reason which is that the phrase "current bid level" is confusing. What is the current bid level? Is it the bid being anticipated by the participant? What needs to be checked is the current leading bid level or the current winning bid level. Appropriate correction is required.

Claim Rejections - 35 USC § 112(2) (Arg. #4)

Claims 1-4, 6-9, 11-14 are rejected under U.S.C. §112 for a fourth reason which is that the final limitation of Claim 1 is redundant. If a counter bid delay is a parameter that is established in the parameter set, than placing a counter bid responsive to the proxy conditions would automatically include a time delay. The phrase "and a time

following or upon the elapse of said counter bid delay from a time of placement of said current bid" is redundant. Appropriate correction is required.

Claim Rejections - 35 USC § 112(1)

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claims 1-4,6-9,11-14 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claims contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention. Specifically, the limitation in Claim 1, and corresponding medium and system claims, relating that a,

current bid level reflects a current bid placed by an auction participant other than the participant for which proxy bidding is being performed;

does not have support in the specification. The examiner has reviewed the disclosure but cannot detect wherein there is specific support for this amendment.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-4,6-9,11-14 are rejected under 35 U.S.C. 103(a) as being unpatentable over Montgomery, U.S. Patent Application Publication #20020038282, in view of Dinwoodie, U.S. Patent #6415269, and further in view of Fisher et al, U.S. Patent #6415269.

Initially, please note that the Examiner included a copy of the Montgomery provisional application, 60235549, for further inspection by Applicants. The provisional application includes all the figures in the utility application, 09/963472, as well as much of the specification of the utility application. As such, the examiner believes that although perhaps not a word for word replication of the provisional application, the utility application is enabled by the underlying provisional application, as contemplated by 35 U.S.C. 112.

With regard to Claims 1,6,11, Montgomery teaches the method, medium, and system comprising:

providing a bid parameter set, having one or more proxy bid parameters,
(Figure 2, item #208; Figure 5, items #512,514; Para. 62, discussing bid parameters)

said proxy bid parameters indicating proxy conditions for at least one offering or auction to which proxy bidding is to be made, (Para. 62, discussing the natures of the various parameters and the conditions associated therewith)

The examiner is slightly conflicted as to whether Montgomery expressly teaches the limitation wherein:

at least one of which parameters includes a counter bid delay;

In one interpretation of Montgomery, the time-to-close delay is in itself "a counter bid delay", that is to say, under normal conditions, where a proxy would place a bid, the bid is delayed a certain time until near the end of the auction. In the examiner's opinion, this delay in placing a counter bid technically reads on the claim. If applicants do not find this persuasive, consider that using a delay in posting or processing a bid is a well-known feature in the electronic commerce arts. A good example of using a delay is found in Dinwoodie at (Figure 3, item 88) and described therein (Col. 6, lines 4-7). Delays are used in auction systems to allow for stability, which is precisely the intent in using a delay in the instant application. Thus it would have been obvious to one of ordinary skill in the art at the time Appellants' invention was made to combine the teachings of Montgomery relating to use of parameters and conditions in entering proxy bids, with the teachings of Dinwoodie, relating to a delay in entering a bid. The motivation for such a combination, as mentioned above and which is within the general knowledge of one of ordinary skill in the art, and is simply to stabilize bidding in order to equitably allow participants equal opportunity to win the auction.

Montgomery further teaches:

checking at least one current bid level in a bid data store of an offering or auction system; (Figure 11, item 1104)

determining if any of said proxy conditions have been met
(Para. 62; Figure 11, item 1106;)

It is not clear whether Montgomery expressly discloses a bid condition wherein:

said current bid level reflects a current bid placed by an auction participant other than the participant for which proxy bidding is being performed;

However, this limitation is extremely well known and is very well demonstrated in Fisher at (Col. 6, Claim 1, 2nd limitation). Further it would have been obvious to one of ordinary skill in the art at the time Applicants invention was made to combine the teachings of Montgomery, relating to use of parameters and conditions in entering proxy bids, with the teachings of Fisher, relating to a condition wherein the current winning bid be from a different party than the party represented by the proxy. The motivation for such a combination is within the general knowledge of one of ordinary skill in the art, and is simply to avoid double bidding by a party, which in conjunction with proxy bidding would escalate the price up against the bidder.

Montgomery further teaches:

placing a counter bid into at least one auction responsive to said proxy conditions being met (Figure 8, items 816-824)

Again, it is not clear whether Montgomery teaches,
and a time following or upon the elapse of said counter bid delay from a time of placement of said current bid.

In one interpretation of Montgomery, a bid implemented pursuant to a time-to-close process is itself a bid placed "upon the elapse of said counter bid delay." In this interpretation, placing such a bid reads on the claim. Again, if Applicants do not find this argument persuasive, it would be easily seen that delays are old and well known as they relate to placing bids. Again, see Dinwoodie at (Figure 3, item 88) and described therein (Col. 6, lines 4-7). As such it would be obvious to modify Montgomery to include

placing a counter bid pursuant to a bid delay. The motivation again is to stabilize bidding.

With regard to Claims 2-4, 7-9, 12-14, these claims were rejected in the final Office action, but Appellants have not presented separate arguments relating to these claims so the Examiner will not address these claims in this Answer.

(10) Response to Argument

Rejection of Claim 11 under 35 U.S.C §101

In the Appeal brief, Applicants have submitted a definition of "proxy" from a standard reference dictionary, as well as a definition of "agent" from a dictionary of computing terms. Appellants argue that according to these definitions, the Examiner's interpretation of the phrase "proxy agent" would result in a noun-noun phrase. However, the Examiner has not asserted any particular meaning to the phrase "proxy agent." Rather, the Examiner has pointed out that one interpretation of the phrase could include the possibility that a human agent is involved. This rejection is made with the knowledge that at this time there is no regularly accepted meaning to the phrase "proxy agent" in the computer or finance arts. Evidence of this fact is demonstrated by Appellants' failure to supply a definition of the phrase itself, as opposed to a piecemeal definition, constructed word by word.

The examiner has also referenced the Microsoft Computer Dictionary, 5th Edition, 2002, Microsoft Press, for guidance. The definition of proxy is:

n. A computer (or the software that runs on it) that acts as a barrier between a network and the Internet by presenting only a single network address to external sites. By acting as a go-between representing all internal computers, the proxy protects network identities while still providing access to the Internet. See also proxy server.

The dictionary goes on to define proxy server as:

n. A firewall component that manages Internet traffic to and from a local area network (LAN) and can provide other features, such as document caching and access control. A proxy server can improve performance by supplying frequently requested data, such as a popular Web page, and can filter and discard requests that the owner does not consider appropriate, such as requests for unauthorized access to proprietary files. See also firewall.

The examiner has cited these definitions simply to show that "proxy agent" is not regularly accepted in the art. As well, it can be seen that the term "proxy server" is not a noun-noun, but a simple noun. Appellants' argument that grammar considerations remove the possibility that a human agent be involved is not meritorious in the Examiner's opinion.

Appellants next argue that ordinary meanings of the elements comprising the proxy agent require an interpretation of the claim that excludes human agents. Appellants admit that the proxy bid parameter set, current bid level checker, proxy condition evaluator, and counter bid generator could be interpreted solely as mental processes, except for the fact that the agent is disposed in an automated bidding system. However, given the breadth of the term "automated", surely Appellants can conceive of a situation where a human agent operates or works in conjunction with a computer system or network such that the agent is disposed in an "automated" computer setting. One quick example would be a flight controller agent disposed in an automated flight control system. Further, three out of the four features comprising the proxy agent could equally be interpreted as human agents, interacting within or about a network or other computer system: checker, evaluator, and generator. The claim is

simply too broad and ambiguous to forego an interpretation which falls somewhere outside of the four required statutory classes of invention.

Rejections under 35 U.S.C §112, Second Paragraph

As to the 1st Argument under 112(2), Appellants' amendments have removed this issue from appeal

As to the 2nd Argument under 112(2), the Examiner finds Appellants' arguments to be persuasive, and does not dispute Appellants' contentions.

As to the 3rd Argument under 112(2), the Examiner finds Appellants' arguments to be persuasive, and does not dispute Appellants' contentions.

As to the 4th Argument under 112(2), the Examiner disputes Appellants' contentions. The Examiner has advanced the notion that there is no need to explicitly recite the elapse of time, related to the counter bid delay in the final (4th) limitation of Claims 1, 6, and 11. In response, Appellants argue that the Examiner's position would be correct if the claim were interpreted to include *all* the conditions being met. Appellants point out that, in the third limitation, the determination is made as to whether *any* of the proxy conditions are met, inferring that only a single condition may necessarily be met.

However, Appellants fail to acknowledge that the fourth limitation itself directly recites placing a counter bid "responsive to said proxy conditions," utilizing the plural form. This indicates that more than any singular condition (ascribed to a parameter) is satisfied, but must encompass two or more conditions being met. The conclusion to be drawn is that if any parameter, and corresponding condition, other than the time delay

parameter is satisfied, the time delay condition is also invoked. This fact makes the final limitation duplicative and unnecessary.

Accepting Appellants' position actually would reveal an additional ambiguity in the claims in that when the third limitation recites "any of said proxy conditions having been met", it would be expected that the final limitation would refer to "responsive to one or more of said proxy conditions being met". Instead, the current recitation of "responsive to said proxy conditions" indicates that it must be two or more conditions being satisfied. Appellant must not be allowed to have it both ways.

Rejections under 35 U.S.C §112, First Paragraph

The Examiner finds Appellants' arguments to be persuasive, and does not dispute Appellants' contentions.

Rejections of Claims under 35 U.S.C. §103 over Montgomery in view of Dinwoodie and in further view of Fisher

Initially, the Examiner acknowledges (and apologizes for) the error pointed out by Appellants, and confirms the fact that the rejection is made over Montgomery, U.S. Patent Application Publication 2002/0038282, in view of Dinwoodie, U.S. Patent #6,415,269, and further in view of Fisher, U.S. Patent Application Publication #2003/0083983.

The examiner would next like to point that Appellants do not contest any of the citations to Montgomery and Fisher made by the examiner to any of the other limitations in the independent claims (1,6,11) other than those limitations relating to the a counter

bid delay parameter and the corresponding execution of a delay in placing the bid.

Thus, Appellants have not disputed that Montgomery and Fisher teach in combination:

providing a bid parameter set, having one or more proxy bid parameters, said proxy bid parameters indicating proxy conditions for at least one offering or auction to which proxy bidding is to be made,

checking at least one current bid level in a bid data store of an offering or auction system;

determining if any of said proxy conditions have been met including that said current bid level reflects a current bid placed by an auction participant other than the participant for which proxy bidding is being performed;

placing a counter bid into at least one auction responsive to said proxy conditions being met

The entire focus of Appellants' brief is whether at least one of the parameters in the set includes a "counter bid delay" and whether the placing of a counter bid occurs "following or upon the elapse of said counter bid delay from time of placement of said current bid". Appellants have cited some of the relevant portions of Montgomery related to a time-to-close parameter in paragraphs 68, 72, and 77. The Examiner would also point out that Montgomery interchanges "time to close" with "time till close", and both these are described in other parts of the reference.

In paragraph 68, Montgomery specifically states that the buyer can edit and modify parameters including, among others, a maximum bid parameter and the time to close activation parameter. (underlining added by the Examiner). In this scenario, the system would evaluate various auctions and current bid levels to determine if a buyer were leading in an auction. If upon determining that a bid was necessary to succeed in an auction, the system would first determine if the bid were within the maximum bid

established by the buyer. If it the possible bid was within the maximum, the system would move to determine how much time was left in the auction, in order to satisfy the time to close parameter. The time to close parameter would not allow the bid to be placed unless there was only a certain amount of time left in the auction. If the time left in the auction was not within the value established by the time to close parameter, the system would either delay placing the counter bid until the time left in the auction was within the value, or continue to keep checking the status of the auction until it was appropriate to bid. Under either scenario, the time in placing the counter bid is, in fact, delayed, and this is exactly what Appellants have claimed. Appellants have not established any special definition or meaning of "counter bid delay", nor is there one regularly established in the art, and as such, the time to close activation parameter described by Montgomery becomes a "counter bid delay", and a counter bid condition, as claimed by Appellants.

The Examiner's interpretation described above is supported by the passage described in paragraph 77 which relates that the bid agent, upon detecting certain "counter measures", completes the bid through one of several alternatives *including a Time to Close Delay rescheduling*. It is fairly clear that this paragraph indicates that one way of defeating another bidder is to enable a condition that results in a delay in placing a counter bid until there is only a certain amount of time left in the auction. Paragraphs 78 and 79 further describe the implementation of the counter measures process including delay counter measures. The effect of the time to close delay is that it acts as a counter bid delay. The examiner contends that Montgomery teaches a counter bid

delay parameter, and as well, that the system will place a counter bid upon a delay pursuant to the delay parameter.

Thus it appears that the primary reference discloses the counter bid delay limitations described in Claims 1, 6, and 11. However, to further support that this limitation is known in the art, the Examiner also cites Dinwoodie at Figure 3, item 88, and described at Column 6, lines 4-7. Appellants do not contest that Dinwoodie teaches a delay before counter bids are entered. Rather, Appellants argue a semantic distinction that Dinwoodie teaches a delay before the *acceptance* of counter bids, as opposed to a delay before the *placing* of counter bids. The examiner contends that this distinction is without merit, as it relates to patentability. Whether a bid is placed or accepted would seem to be determined by the vantage point from which the process is viewed. This notion is supported by the process depicted in Figure 3. From a potential buyer's perspective, at steps 80-82, some arbitrary bid is confirmed and updated on a display. The potential buyer sees the current bid level, and would like to immediately make a counter bid in an attempt to overtake the new leading bidder. Can he do so? The answer is clearly no, in that a delay must occur before the counter bid can be placed at step 70. Lines 7-14 of Column 6 in Dinwoodie also describe that the effect of the delay in placing bids is to prevent overrunning of the system and subduing the aggressiveness of some participants in the auction. The Examiner understands that this is one of the objectives/goals of Appellants' proposed invention. Please see Appellants' specification at paragraphs 16-17 (among others), describing the need for "pacing" and "timing" in the auction environment. The Examiner contends that Dinwoodie discloses

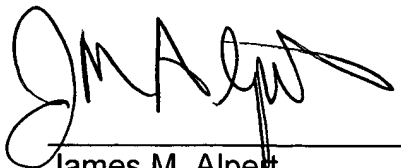
that a "delay" condition or parameter is known in the art, and that this delay can be incorporated into the teachings of Montgomery. Further, the Examiner observes that Appellants have not challenge in any way the motivational assertions presented by the Examiner for either Dinwoodie or Fisher. The Examiner contends that a *prima facie* case of obviousness has been presented, which has not been overcome.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

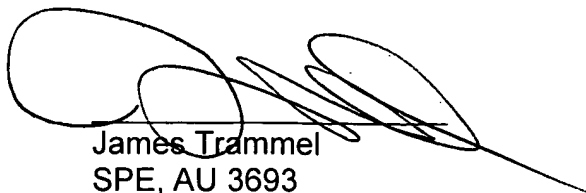
Conclusion

For the reasons advanced above, it is asserted that the rejections should be sustained. Respectfully submitted,




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Conferees:



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